

Overview

Hertfordshire continues to outperform the UK in employment rates, maintaining an impressive 80.1% as of the third quarter of 2024. This is significantly higher than the UK's 75.4%. However, economic inactivity is on the rise, driven by an increase in long-term sickness and family caregiving responsibilities. The number of economically inactive individuals in Hertfordshire reached 134,000 by September 2024, with 80% not seeking employment. Despite a previous decline, self-employment rebounded in September 2024, with over 13% of the working-age population identifying as self-employed. The employment rate gap between Hertfordshire and the UK, which had narrowed in 2023, widened again in 2024 to 4.7 percentage points. This highlights the region's resilience and adaptability in the face of economic challenges, although concerns remain about the broader labour market's outlook due to economic sluggishness and policy changes affecting recruitment and wages.

Summary

- Hertfordshire traditionally has had a better employment rate than the UK, and this is being maintained as the employment rate hits 80%.
- The change in the number of people who are economically inactive is rising as estimates of people with Long Term sickness and caring for family have grown.
- After several years of falling self-employment, it bounced back in September 24 as more than 13% of the working age people in Hertfordshire identified as self-employed.

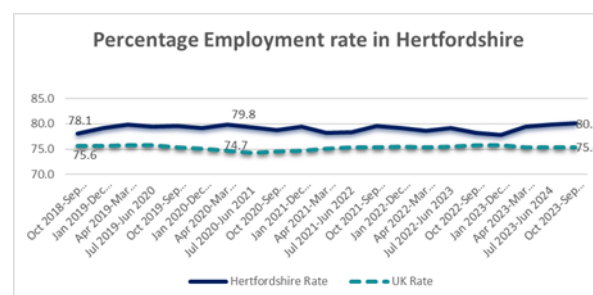
Employment and Skills in Hertfordshire

Employment rate

The employment rate gap between the UK and Hertfordshire narrowed towards the end of 2023 but started widening again in 2024. The latest data from ONS' Labour Force Survey shows the gap between Hertfordshire and the UK grew to 4.7 percentage points for the period Oct 23 to Sep 24; the widest it has been since 2021 when the gap was 5.1 percentage points.

At the end of the 3rd quarter of 2024 calendar year, employment in Hertfordshire rose to an all-time high of 606,100. That equates to an employment rate of 80.1% compared to a rate of 75.4% for the UK.

Table 1.



Recent reports indicate that while the UK economy performed better than expected in 2024, it has slowed in recent months. Some areas like Hertfordshire are seeing strong growth in the number of working age adults in employment. However, the sluggishness of the economy has raised concerns about the labour market's outlook following a sustained and broad-based reduction in job postings; strong wages growth; and policy changes to employers' national insurance contributions and increases in the National Minimum Wage. This is weighing heavily on confidence and business' preparedness to recruit.

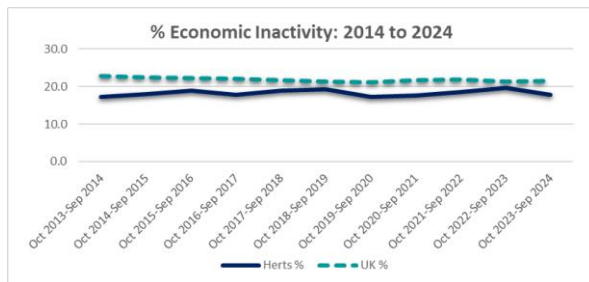
Economic Inactivity

The recent [Get Hertfordshire Working summit](#) drew attention to the significant impact of long-term sickness on economic inactivity in the county, raising awareness among stakeholders about the need for targeted interventions.

When more people are out of the workforce through long term sickness or stepping back from the workplace to care for family members, the overall labour force participation rate starts to fall. This can lead to a smaller pool of available workers, potentially slowing economic growth. According to labour force estimates, approximately 80% of people regarded as economically inactive in Hertfordshire did not want a job. The remaining 20% (approximately 27,500) want to work.

Since the summit, the Office for National Statistics has updated its reports on the Hertfordshire Labour Market. For the 12 months ending September 2024, there were an estimated 134,000 people in Hertfordshire who were economically inactive.

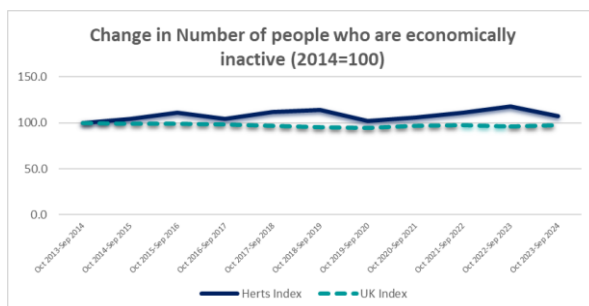
Table 2.



Whilst the proportion of people designated as inactive is below that of the UK,

Hertfordshire's trajectory on Economic Inactivity over time has been edging towards UK proportions; fluctuating around the 18% and 19% mark in the last decade. This contrasts with a modest fall in the rest of the country where the number of people identified as being inactive has been falling; It is down from 9.26m in 2014 to 9.0 m in 2024.

Table 3

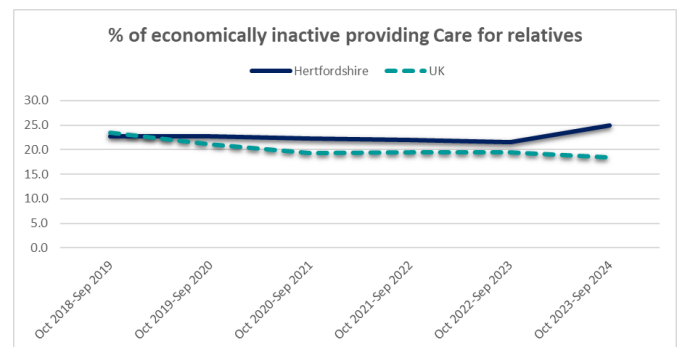


Caring for family

In terms of the components comprising economic inactivity in Hertfordshire, the largest elements - excluding Students - are among the **Long-term sick**, and **People caring for family**. Carers currently account for 33,700 people and this represent 25.1% of people who are not currently participating in the workplace.

In the year prior to the outbreak of the Covid pandemic, 32,500 people were categorised as being unavailable for work because of family care responsibilities. By September 2024, this had increased by 3.7 percentage points. This contrasts with a 0.9 percentage point reduction in the UK since 2023. The latest ONS figures show that, in Hertfordshire, one in four people, who were economically inactive, were estimated as having caring responsibilities compared to one in five for the UK.

Table 4.



Long-term sick

Long-term sickness in Hertfordshire appears not to be as prevalent as it is for the UK. Nonetheless, it remains a major cause for concern. Whilst long term sickness has been rising across the UK, its impact in Hertfordshire is becoming more profound and this is contributing to a thinning of the reserve pool of workers that the county is able to draw on to meet the needs of employers.

The proportion of people who are economically inactive on long term sick leave currently stands at 25,800, representing 19.2% of people who are considered economically inactive. This compares to 28.5% across the UK.

Table 5.

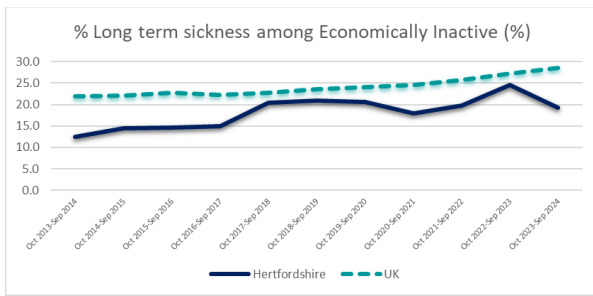
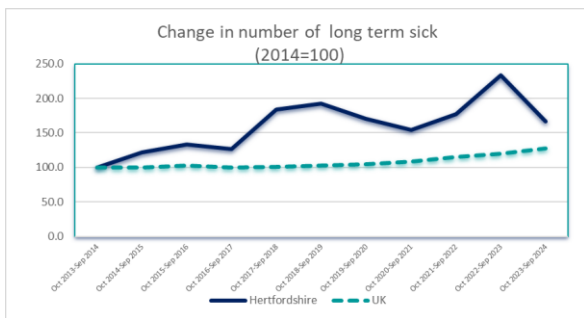


Table 6 reveals the extent to which the numbers of people who are “Long Term sick” has been rising comparative to the UK. In a county like Hertfordshire which has an employment rate at 80%, this means that the pool of labour to meet future job opportunities is dwindling and this carries implications for both growth and productivity.

Table 6.



Self-employment

The Office for National Statistics (ONS) has reported that self-employment in the UK has seen significant changes over recent years. After a period of growth, self-employment numbers fell sharply during the COVID-19 pandemic. From a peak of 5.0 million at the end of 2019, the number of self-employed individuals dropped to 4.2 million in early 2022. This decline was largely due to many self-employed individuals transitioning to employee status, particularly during the introduction of the furlough scheme. The construction industry, which has the highest number of self-employed workers, saw a notable reduction, although there has been some recovery.

Hertfordshire has closely mirrored events at the national level. Traditionally, the county’s self-employment rate has tracked above the UK but in the year ending September 2024, it rose to 13.8%; an estimated 106,000 people. Whilst there are lingering questions surrounding data quality of the Labour Force Survey, on the face of it, Hertfordshire is now exceeding pre-pandemic levels of self-employment.

Table 7.

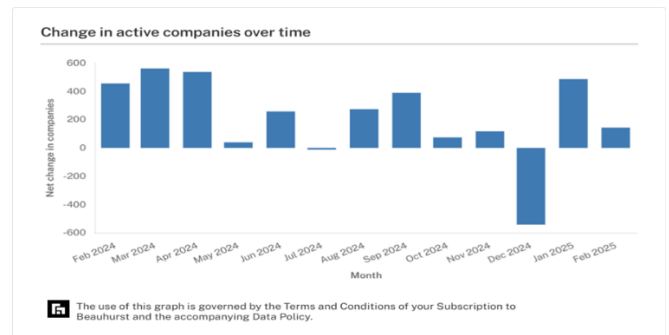


Stakeholder Feedback and Business Intelligence

Hertfordshire Futures

Analysis of Companies house filings in the last twelve months shows a growth in the number of company incorporations and a reduction in the number of company dissolutions in Hertfordshire, leading to a net gain of businesses. Data Source: Beauhurst.com. Whilst every company incorporation does not guarantee that an organisation is actively going to trade, it is encouraging to see entrepreneurial appetite in the county holding up, despite a difficult Christmas period. Table 8 below shows the differential between new company formations and closures.

Table 8.



Hertfordshire Growth Hub

Hertfordshire Growth Hub reports continuing demand for access to finance products (particularly grants) to support business growth or survival. Manufacturers have commented on the absence of a replacement service to the Manufacturing Advisory Service and the recently closed Manufacturing Growth Programme. In response, the Growth Hub is raising client awareness of the upcoming **Made Smarter** programme which will be launched in April.

This is a regional programme funded by the Department of Business and Trade and will be rolled out to the East of England in the upcoming financial year. The focus of the programme is the application and adoption of digital technologies to improve productivity. The programme includes help in accessing University interns, leadership and management support and bespoke technology roadmaps for manufacturing SMEs selected to the programme. Details of the scheme can be found at the following link. [Boosting manufacturing in the East Of England | Made Smarter](#)

Federation of Small Business

Since the start of the year, FSB has been reporting some signs of optimism, though this hasn't been consistent across all sectors.

It's **Self-Employment Report** highlights that many people choose this path for a better work-life balance. However, barriers such as Universal Credit and tax allowances are said to be holding back growth.

Following the **Employment Rights Bill** announcements, FSB is reporting a drop in employment-related calls to their legal helpline compared to last year. As these calls often relate to hiring new staff, this could suggest fewer plans for workforce expansion. However, FSB has seen an increase in downloads from its **Legal and Business Hub**, suggesting that more companies are handling these matters in-house.

FSB's **Export Report** shows that existing barriers are limiting SME access to support. In Hertfordshire, SMEs are innovative but remain underrepresented in exports. With targeted support—such as sector-specific advice and an export development grant—more local businesses could succeed internationally.

Hertfordshire Business News

- Knight Frank, a leading independent global property consultancy, has completed the sale of the renowned [Theobalds Park Estate](#) near Cheshunt, to Surya Hotels ("Surya") off a guide price of £12.5 million
- Work has started on a three-unit scheme that will deliver 71,000sq ft of prime industrial and logistics space located in the centre of [Welwyn Garden City](#). Work is scheduled for completion in Q4 2025.
- Welwyn-headquartered supermarket giant, [Tesco](#) has announced plans to cut about 400 jobs across its network and at its HQ. For an employer with 225,000 employees and vacancies in more than 1,000 posts, it expects to manage the impact of the job losses through redeployment.

An outline planning application for a £3.75bn data centre has been approved by [Hertsmere Borough Council's](#) planning committee. When built, the site would be Europe's largest cloud and AI data centre, with up to two million square feet of space and set in 85 acres adjacent to the A1 and M25, just east of South Mimms Services.

Author: Paul Witcombe
Sector Lead: Lifesciences and Advanced Manufacturing